

FORMAL COMPLAINT FORM



0000116114

COMPLAINANT

J. STEPHEN GEHRING

COMPLAINT NUMBER

80794

ADDRESS

HC 3 BOX 519-C PAYSON ARIZONA 85541 (8157 W. DEAD EYE RD)

PHONE (WORK)

928-474-9854

NAME OF RESPONSIBLE PARTY

NAME OF UTILITY

PAYSON WATER CO / BROOKE UTIL. INC

ACCOUNT NUMBER

58130-16615

GROUNDS FOR COMPLAINT: (COMPLETE STATEMENT OF THE GROUNDS FOR COMPLAINT. INDICATING DATE(S) OF COMMISSION/OMISSION OR ACTS OR THINGS COMPLAINED OF.) (USE ADDITIONAL PAGE IF NECESSARY.)

SEE ATTACHED

W-03514A-10-0329

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION
DOCKET CONTROL

2010 AUG - 5 PM 12:33

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NATURE OF RELIEF SOUGHT: (USE ADDITIONAL PAGE IF NECESSARY.)

SEE ATTACHED

SIGNATURE OF COMPLAINANT OR ATTORNEY

J. Stephen Gehring, Private Citizen
8157 W. Deadeye Rd.
Payson, Arizona [PZ 85541]
(928) 474-9859
Utility Account No. 58130-16615
In Propria Persona

Before the Arizona Corporation Commission

J. Stephen Gehring, Private Citizen,
Injured Party,

Complainant,

vs.

PAYSON WATER CO. INC.

Respondents.

COMPLAINT NO. 80794

FORMAL COMPLAINT

Pursuant to Title 14, Ch. 3 R14-3-106 & 107

NOW COMES, J. Stephen Gehring, Complainant and Injured Party, a customer of BROOKE UTILITIES, INC./PAYSON WATER CO. INC. (one and the same and hence forth referred to Payson Water Co. Inc. in this complaint) proceeding in propria persona and states:

GROUND FOR COMPLAINT

1. Officers, agents and employees of PAYSON WATER CO. INC. abused the limited powers and authority granted to PAYSON WATER CO. INC. by the Arizona Corporation Commission (ACC) pursuant to Decision No. 67821 and the Curtailment Plan for PAYSON WATER CO. INC. in furtherance of a scheme to: **a) create water outages by there own negligence; b) misrepresent customer usage; c) harass, intimidate, threaten and coerce customers; d) extort Stage 5 reconnection fees by misrepresentation and fraud, in the amount of \$600.00 from the Complainant without proper notice and proof of allegation of any specific prohibited use of water to justify customer disconnection; and, e) defraud the customer, cause property and financial injury and loss of income.** The conduct of PAYSON WATER CO. INC. officers, agents and employees knowingly and intentionally caused undue financial burden and economic hardship on the Complainant who is struggling to survive and made him and his renters, guests and customers suffer further during a time of economic recession and high unemployment Nation wide, while the company enjoys their monopoly, dictatorial oppression and profits.;

2. Unjustified disconnection of Complainant's service on August 3, 2009 for reasons far in excess of those permitted pursuant to the Stage 3 through Stage 5 curtailment plan restrictions and requirements for disconnection per specific prohibited uses;

3. Generation of tariff funds under false and fraudulent pretenses to subsidize costs of water importation incurred by PAYSON WATER CO. INC. to haul water in, to supplement system demands.

4. Retaliation against Complainant for publicly exposing in a newspaper article the inherent, internal defects in the design and operation of all flow meters used by PAYSON WATER CO. INC. to measure water consumption by their customers. Such defect is directly related to the flow meter's accuracy of measurement of water. Compressed AIR activates the flow meter at a higher rate than the flow of water giving a false, misleading and inaccurate reading as to actual water consumption. The Complainant is at a closed end of the system and repeatedly experiences low water pressure and flow with substantial amounts of air under pressure passing through and registering on the meter as water usage and is billed for water he did not receive.

5. PAYSON WATER CO. INC. officers, agents and employees knew or should have known that: a) all flow meters used by the company have an inherent, internal defect that causes them to measure AIR passing through it as if it were water, creating an inaccuracy in the water usage measurement; b) the company over charges and over assesses the customer for the consumption of water due to AIR compressed within the system and passing through the flow meter and at a higher rate than water.

6. PAYSON WATER CO. INC. failed or refused to fulfill their duties, obligations, promises and commitments to customers per provisions contained within its Certificate of Convenience and Necessity to initiated a money making scheme to extort thousands of dollars from their customers to offset costs to import and haul water to supplement system demands and abused and manipulated the terms and conditions of the Curtailment Plan even though they additionally charge for water usage over a prescribed amount or limit.

7. Water shortages were artificially created by and through the negligence and misconduct of PAYSON WATER CO. INC. its officers, agents and employees due to: a) failure and refusal to timely haul water to supplement the system executed by executive officers, before creating the a system crash(s) and outage(s); b) refusal to improve and properly maintain the system, deepen existing or drill new wells and improve its storage facilities; and c) refusal to develop other sources of water to meet consumption demands.

8. Violations alleged by Myndi Bogdon of PAYSON WATER CO. INC. against the Complainant was for "USAGE INCREASE DURING MANDATORY CONSERVATION" and not for any specific prohibited water usage as prescribed in ACC Decision No. 67821 and the Curtailment Plan.

9. Specific defects in the charging documents issued to the Complainant by Myndi Bogdon do not support the actions taken to disconnect and charge fees to reconnect. Defects in the charging documents

against the Complainant on August 3, 2009 intentionally misrepresent actual facts and evidence abuse of the limited powers of authority granted in ACC decision No. 67821 and the Curtailment Plan with the purpose to extort exorbitant fees or fines from the customer and this Complainant.

10. Fraudulent billing practices and charging of interest on water usage and reconnection fees illegally. Failure of company to send separate billing on reconnection fee and fine payments. PAYSON WATER CO. INC. knowingly and intentionally misapplied payments for water usage and on reconnection fee of \$600.00. All payments were by Complainant for water usage, were misapplied to the \$600.00 reconnection fee and Complainant was never given a separate billing. Company falsely and maliciously claims that Complainant is in arrears on his bill and is charging him interest illegally on his billings.

FACTS, OMISSIONS AND ACTS RELIVANT TO COMPLAINT

1. The Complainant operates a small business on the property known as the HOUSTON MESA GENERAL STORE as well as rents out trailers to residents there and: a) is at the high top end of the community and at the end of an unvented dead end line" though looped the valve is cut off; b) The Complainant is and has been in compliance with the curtailment plan throughout all stages during the period in question (as shall be evidenced by photographs Grass, Trees and all other plant life on that property dying or already dead because of the forced restrictions imposed and the lack of monsoon rain). Total trees and shrubs lost is 185 the cost to replace is approximately \$26,000.00.

2. **Curtailment** means to cut back, not cut off. Other Customers and this Complainant were forced to use less water than what is required for their personal use and daily requirements in addition to the termination of any prohibited uses of water per the Curtailment Plan due to the situation created and maintained by PAYSON WATER CO. INC. There were 3 people and 2 dogs in residence on Complainant's private property with occasional visits by guests, (some of whom stay for extended periods of time) as well as regular and seasonal customers. One person in residence at the time suffered from cancer, diabetes and stomach ailments and was made to suffer extreme hardship and injury due to the intolerable situation created by the Utility Company. Complainant, renters, guests and customers were forced to submit to extremely oppressive and abusive bare minimum water usages per person, per day that were substandard and injurious to the health, well being and overall interests and needs of the Complainant and those persons then residing on or visiting Complainant's property and caused him loss of income and business;

3. PAYSON WATER CO. INC. refused to: a) invest in the system over the past 5 years to make improvements to keep up with the demands; b) properly supplement the system as required because they cannot charge additional fees for improvements to the system or water they must import and haul to keep up with demand unless the acquire ACC approval.

4. PAYSON WATER CO. INC. officers, agents and employees abused and exceeded the limited authority granted them by the Arizona Corporation Commission in Decision No. 67821 and the Curtailment Plan to: **a) intentionally harass, intimidate, threaten, damage and injure the Complainant; b) willfully fail or refuse to follow proper procedure in their management of the Curtailment Plan; c) penalize the Complainant and other customers for water usage that is not directly or indirectly connected to any prohibited acts of water usage under the Curtailment Plan but merely for using more water than the Utility says they can use; d) penalize the Complainant and other customers for known inherent defects in the flow meters used by the Utility to measure water usage;**
5. PAYSON WATER CO. INC. officers, agents and employees knew and ignored the fact that system outages create huge volumes of AIR within the system when several 2,000 gal. pressure tanks, dump directly into the system that compress at a ratio of 3 to 1 when the system comes back up (NOTE: Meters are calibrated to measure water and cannot distinguish the difference between water, air or a gas).
6. The compressed AIR passes through the customers' flow meters prior to the water reaching the meter and at an accelerated rate thus registering the compressed AIR as excessive volumes of water received by the customer over a short period of time. The customer is then assessed and billed for AIR as if it were water usage and their service is disconnected for allegedly using too much water, without citing one single incident of prohibited use per the Curtailment Plan;
7. The Complainant had his service wrongfully disconnected and fined \$600.00 under the false pretense of violation of Stage 5 restrictions (See: Items 16 through 23 below for details) that had gone into affect at 6:30 a. m. on August 3, 2009 and after two outages between August 1 and 2, 2009; where in fact AIR in the system caused for false readings on this Complainant's flow meter because of the outages and low volume of water, just the same as they did on July 11, 2009 where flow meter readings were determined by Myndi Bogdon to be a faulty misreading due to air in the system;
8. Complainant placed PAYSON WATER CO. INC. employees on previous notice that the flow meters employed to measure water usage register AIR in addition to water. This fact was again brought to the company's attention and specifically Myndi Brogdon, on July 11, 2009 and again on July 31, 2009 and publicly when the Complaint caused to be published his concerns on July 29, 2009 in an article in the local newspaper (See: Attached Exhibit A);
9. On July 11, 2009 PAYSON WATER CO. INC. system in Mesa del Caballo experienced a company error "Water Outage" and crashed at approximately 9:00 a. m. lasting in excess of 12 hours. Complainant had no water whatsoever until he went to bed at 10:30 p. m. there was a drip of water and lots of air but not enough water to shower or do dishes. According to Myndi Brogdon; **a) the "the Big Wigs" refused to**

truck water in; b) knew the system was going down and refused to import and haul any water in, to supplement the system until it crashed. The Utility only began hauling water with the first truck arriving at approximately 6:00 p. m. that evening.

10. On July 12, 2009 utility representative Myndi Bogdon came onto the Complainant's private property to read the meter as she has done every day for more than a month (in excess of AAC Title 14, Ch. 2 R14-2-208 (A)) and alleged that Complainant used 550 gallons of water between 9:00 a. m. on July 11, 2009 and 9:30 a. m. on July 12, 2009 during the course of a twelve hour plus outage where no water was available to the Complainant or any person on his property to use. The Complainant gave notice of Two specific facts: a) The Complainant and others in residence used no water whatsoever until approximately 6:00 a. m.; and b) The defect that is present in all flow meters. They measure AIR as well as water, which she at first denied and later fully admitted to as well that the company did not want the customers to know that fact.

11. On July 13, 2009 this Complainant clearly demonstrated to Myndi Bogdon how air under minimal pressure (less than 10 psi) activates flow meters operating under the principals of fluid dynamics and calibrated for water, causing them to spin and register **AIR** as water usage.

12. On July 13, 2009 Myndi Bogdon admitted to the Complainant that, Two of her fellow employees admitted to her the known defect of the flow meters to operate on **AIR** and register as water usage on July 12, 2009. As can be confirmed by water operators Michael Armsted and Jim Bossert. (See: Attached exhibits D and E);

13. On July 13, 2009 because of the above stated facts and the reasonable doubt presented to Myndi Bogdon, she made the on site decision that her reading of the Complainant's flow meter on July 12, 2009 was a faulty "misreading" and that he could not have possibly used in excess of 500 gallons during the period between 9:00 a. m. on July 11, 2009 and 9:30 a.m. on July 12, 2009 upon her reading of the flow meter on both occasions. **(NOTE: The Customer was charged for water he did not receive or use);**

14. Myndi Bogdon from July 12, 2009 onward to August 3, 2009 chose to submit to the undue influences of her superiors (at Brookes Utilities Inc.) to suppress and deny those undeniable facts and participated to cause intentional injury and harm to the Complainant and to, make false claims or accusations against the Complainant knowing that they were false, unwarranted and unreasonable and in violation of ACC Decision No. 67821 its Curtailment Plan and numerous Arizona Revised Statutes and Implementing Regulations.

15. On July 31, 2009 after a five-day period of no readings of the Complainant's flow meter and Two (2) days after the publication of the Complainant's newspaper article (See: Attached Exhibit A) Myndi

Bogdon returned to the Complainant's private property during a Stage 3 conservation period to again read the flow meter. Whereupon, she was ordered by the Complainant to leave the property and refused. The Complainant summoned the Sheriff to remove her.

16. At 8:30 p. m. on July 31, 2009 Myndi Brogdon returned to the Complainant's property (after she was ordered off the Complainant's property and the Sheriff was summoned to remove her (for trespass and harassment) to arbitrarily cite the Complainant, by hand delivery of what appeared to be a "WATER CONSERVATION STAGE VIOLATION-WARNING AND NOTIFICATION ATTACHED," with additional comments that state, "USAGE INCREASE DURING MANDATORY CONSERVATION" and does not cite any single prohibited usage under the Stage 3 Curtailment Plan thus voiding the warning. (See: Attached Exhibit B).

17. Said "Warning and Notification" a) does not specifically identify Complainant's account and in fact cites all accounts beginning with the prefix 58130 leaving out the last 5 digits that would identify the specific account; b) was not specific as to any of the then existing prohibited uses of water under Stage 3 conservation; c) contained Myndi Bogdon's business card displaying her title and position with the company; d) had an attached notice highlighting Stage 5 mandatory conservation when the community was in fact under an actual Stage 3 mandatory conservation pursuant to ACC Decision 67821 and the Curtailment Plan. (NOTE: 1st indication of plan to disconnect Complainant under Stage 5 violation);

18. The Complainant at all times in this dispute was in compliance with Stage 3, 4, and 5 of the Curtailment Plan and was not in violation of any of the eight prohibited uses of water nor can it be shown that he was. Complainant used gray water from laundry loads and sinks in an attempt to save plants, bucket loading and pumping it to plants, which is not a violation. Otherwise, the photographs of dead grass, trees and scrubs about the property and eyewitnesses (April Lodges, Frank Gadola and others), can testify to the fact there was no prohibited water usage;

19. Myndi Brogdon labeled the Complainant and one other customer Tim Flores on the same street and main line as the largest water users in the community. This is an accusation that both parties flatly deny and are prepared to prove as both parties worked together to haul water for outside use.

20. On July 31, 2009, August 1, 2009 and August 2, 2009 the system went down in the late evening and did not come up again until approximately 6:00 a. m. on those days.

21. On August 1, 2009 Myndi Brogdon came onto Complainant's private property, at approximately 1:45 p.m., ignored the Complainant's posted no trespass signs and read the flow meter. The system went down again at approximately 10:00 p. m. and we were without water until the following morning after all the air cleared out of the lines through the flow meter.

22. On August 2, 2009 Myndi Brogdon came onto Complainant's private property, at approximately 2:45 p.m., ignored the Complainant's posted no trespass signs and read the meter. The system went down again at approximately 9:30 p. m. and we were out of water until the following morning after all the air cleared out of the lines through the flow meter.

23. On August 3, 2009 Myndi Brogdon came onto Complainant's private property, at approximately 11:45 p.m., ignored the Complainant's posted no trespass signs and read the meter again. At 2:30 p. m. Myndi Brogdon and another employee came onto the Complainant's property, shut off the water, locked the flow meter, provided the following information to the Complainant and issued the attached Citation (See: Attached Exhibit C):

A. According to Myndi Bogdon on the dates July 31, 2009 through August 2, 2009 the system was at **Stage 3** until 8:00 p. m. on August 2, 2009 when it changed to **Stage 4** and remained at Stage 4 until 6:30 a. m. on August 3, 2009 when it was changed to **Stage 5** where it remained as of August 5, 2009.

B. Between July 31, 2009 at approximately 10:00 a. m. and August 1, 2009 at 1:45 the Complainant is alleged to have used 600 gallons of water during an overnight outage according to Myndi Bogdon. So why was the Complainant not cited and disconnected during this Stage 3 time period?

C. Between August 1, 2009 at 1:45 p. m. and August 2, 2009 at 2:45 p. m. the Complainant is alleged to have used 900 gallons of water during an overnight outage according to Myndi Bogdon. So why was the Complainant not cited and disconnected during this Stage 3 time period?

D. Between August 2, 2009 at 1:45 p.m. and August 3, 2009 at 11:45 a. m. the meter read 2481470 and the Complainant is alleged to have used 400 gallons of water during an overnight outage according to Myndi Bogdon. At 2:45 p. m. when the service was disconnected the meter read 2481480. (See: Attached Exhibit C). So why did Myndi Bogdon wait until August 3, 2009 at 2:45 p. m. to cite and disconnect the Complainant on a Stage 5 alleged violation without stating any act of prohibited usage?

E. During the time period of August 2, 2009 at 8:00 p. m. and August 3, 2009 at 6:30 a. m. the Community went from Stage 3, to Stage 4, to Stage 5 IN LESS THAN A TWELVE-HOUR PERIOD and without proper notice to the Consumer Services Division of the Utilities Division of the Arizona Corporation Commission or to the customer. The Complainant's water usage on August 3, 2009 if accurate according to the flow meter (400 gallons) and laying aside the issue of air in the lines is less than the requirements stated in Items three (3) through five (5) above and what about the huge fluctuations of water usage over a three day period during water outages?

F. Each of the claims made by Myndi Bogdon as to amounts of water usage claimed by her in items B through D above, the Complainant denies and maintains that flow meters readings are in error and do

not reflect actual water usage by the Complainant or any other customer during those specific time periods due to the vast amount of AIR in the system and the inherent defects of the flow meters used by the utility company which in fact register AIR and give a false reading which corresponds directly with water outages and failure of the system.

24. On page 2 of Decision No. 67821 Item 8, lines 14 through 16 it specifically states: "Once notice of mandatory conservation has been provided, **customers can be disconnected if they fail to comply and continue to use water for purposes that are prohibited.**"

a. Myndi Brogdon disconnected the Complainant's water service on August 3, 2009 and 2:45 p. m. without justifiable cause; stating only that "USAGE INCREASED DURING MANDATORY CONSERVATION" and **WITHOUT STATING ONE SINGLE PROHIBITED ACT OF WATER USAGE** on the part of the Complainant or offering any proof of such prohibited use whatsoever. (See: **Attached Exhibit C and ACC decision No. 67821**).

b. Pursuant to the Curtailment Plan for PAYSON WATER COMPANY, INC. found in ACC Decision No. 67821 pages 2 through 5 dealing with mandatory restrictions and conservation specifically state that the following uses of water **shall be prohibited under penalty of disconnection and subject the customer to fees (fines) for reconnection:**

- i. Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- ii. Washing of any vehicle is prohibited
- iii. The use of water for dust control or any outdoor cleaning uses is prohibited
- iv. The use of drip or misting systems of any kind is prohibited
- v. The filling of any swimming pool, spa, fountains or ornamental pools is prohibited
- vi. The use of construction water is prohibited
- vii. Restaurant patrons shall be served water only upon request
- viii. Any other water intensive activity is prohibited

c. The Complainant was not been cited for any of the above prohibited acts of usage that would require him to be disconnected for violation of the Curtailment Plan in ACC Decision No. 67821 and subject him to the payment of a \$600.00 fee (fine) to reconnect. (See: **Attached Exhibit C and ACC decision No. 67821**).

d. PAYSON WATER CO. INC. and specifically Myndi Bogden acted in excess of the limited authority granted by ACC Decision No. 67821 to PAYSON WATER COMPANY, INC. and abused that limited authority pursuant to a scheme to arbitrarily disconnect the Complaint and demand a charge of \$600.00 in fees/fines to reconnect and to offset costs to import and haul water to supplement the system.

e. On page 6 of the Tariff Schedule of the Curtailment Plan for PAYSON WATER CO. INC. it specifically states:

"Company shall notify the Consumer Services Division of the Utilities Division (of the Arizona Corporation commission) at least twelve (12) hours prior to entering either Stage 3 or Stage 4. Company shall notify the Consumer Services Section of the Utilities division at least six (6) hours prior to entering Stage 5 of this curtailment tariff."

f. According to Myndi Bogdon from July 31, 2009 to August 2, 2009 at 8:00 p. m. the community of Mesa del Caballo **was at Stage 3**. At 8:00 p. m. on August 2, 2009 the community **went to Stage 4** and at 6:30 a. m. on August 3, 2009 the community **went to Stage 5**. With the offices of the Consumer Services Division of the Utilities Division of the Arizona Corporation Commission open only Monday through Friday from 8:00 a. m. to 5:00 p.m. it is extremely unlikely that Myndi Bogdon or any other representative of PAYSON WATER CO. INC. gave proper notice of the changes from Stage 3, to Stage 4 or from Stage 4 to Stage 5 as required.

25. On August 3, 2009 the Complainant filed his oral complaint with the Arizona Corporation Commission and followed up with written complaint, exhibits and supplements.

26. On August 21, 2009 Trish Meter, the Complainant and Robert T. Hardcastle hammered out an Oral Payment Agreement for the \$600.00 curtailment violation fee, whereby the Complainant would make \$50.00 per month payments on the fee by the 24th day of each month and paid his usage bill at the beginning of each month. Which the Complainant has faithfully complied with and which the Utility misapplied and charged him interest for;

27. On August 21, 2009 Robert T. Hardcastle acting as a representative for Payson Water Company Inc. and in an attempt to undermine the oral agreement reached on August 21, 2009 which is legally binding on both parties per ARS § 12-543 mailed to the Complainant a "Special Payment Agreement." (See: **Attached exhibit F**), which the Complainant promptly sent his "Response To Special Payment Agreement" dated August 31, 2009 (See: **Attached Exhibit G**) denouncing it as an unconscionable agreement and not a standard agreement entered into between the company and the customer. The Complainant cited both Arizona Law and ACC regulation as cause for him not to enter into the agreement. Further, the Complainant submitted an additional complaint in the matter on September 1, 2009. (See: **Attached Exhibit H**). The Utility is notorious for misapplying payments and in fact refused to give the Complainant proper account statements or a full accounting of payments as requested for the past 3 years. More recently PAYSON WATER CO. INC. on June 9, 2010 wrongfully disconnected the Complainant for the alleged delinquent status of his account and demanded a reconnection fee. The service was reconnected at approximately 2 pm the same day and without the Complainant paying any reconnection fees. As it turned out the Complainant further discovered from a Brookes Utilities Co. Inc. representative (who refused to give his name) that the company breached the oral agreement established

on August 21, 2009 and applied all payments made for both water usage and per the Oral Payment Plan to the \$600.00 curtailment violation fee first and has been charging the Complainant interest for unpaid usage. These fraudulent billing practices were addressed at the Mediation hearing held on March 16, 2010 where Hardcastle was admonished for not sending separate billings for the reconnection fees and for charging the Complainant interest. Furthermore, on June 13, 2010 Myndi Bogdon cited the Complaint for operating a circulation pump and fountain under state 4 which has nothing to do with water usage from the system. The pump and fountain merely aerate the fish pond nothing else. (See: Attached Exhibit I). The Complainant has been targeted by the Utility for well over a year to be harassed, threatened, intimidated and injured financially any way they can and it will not stop until they are held responsible.

NATURE OF RELIEF SOUGHT

1) A Ruling by the Administrative Law Judge (ALJ) that the Complainant has been wrongfully subjected to the abuses, oppressive conduct, deceitful business practices and misrepresentations of the here in mentioned Utility Company(s) and that the Complainant cannot be held at fault or accountable for the known inherent defects that exist in the flow meters used to measure water by both BROOKE UTILITIES INC, and PAYSON WATER CO. INC. and which they have relied upon in error and exploited to cause serious personal and financial damage, injury and harm to the Complainant particularly during critical company outages.

2) A Ruling by the Administrative Law Judge (ALJ) that PAYSON WATER CO. INC. and its officers, agents, representatives and employees failed or refused to comply with the terms, conditions and contractual agreements specified and agreed to in the Certificate of Convenience and Necessity Docket No. 48089 and ACC Decision No. 67821 with its Curtailment Plan for PAYSON WATER CO. INC. Arizona Corporation Commission policy, practice, procedure and regulation to the damage and injury of the Complainant;

3) A Ruling by the Administrative Law Judge (ALJ) that PAYSON WATER CO. INC. and their representative Myndi Bogdon were not justified under the terms and conditions set forth in ACC Decision No. 67821 and the Curtailment Plan under stage 5 for PAYSON WATER COMPANY INC. to disconnect the Complainant's water service on August 3, 2009 and assess the Complainant a fine of \$600.00 for curtailment violation or charge him interest on the balance allegedly due for and because of:

a) gross misrepresentations of Complainant's water consumption by the Utility particularly during outages and due to known defective flow meters employed by the Utility Company within the water delivery system which register compressed air in the system induced from said outages;

b) the defect in the citation/notice issued by Myndi Bogdon who failed or refused to comply with Arizona Corporation Commission rules, policy, practice and procedure and the precise terms and conditions of ACC Decision No. 67821 and the Curtailment Plan whereby she failed or refused to state on the citation/notice any specific and provable violation of any prohibited usage of water (under Stage3, 4 or 5) that the Complainant has been accused at any particular date or time.

c) The fact that the Complainant was harassed, threatened daily, coerced and targeted for termination of service for an extended period of time in excess of 3 months;

d) PAYSON WATER CO. INC. its officers, agents, representatives and employees shall be held accountable for the serious damages, injuries and harm they have intentionally inflicted on the Complainant due to their negligence, abuses and illegal activities;

4) A Ruling from both by the Administrative Law Judge (ALJ) and the Arizona Corporation Commission to revoke ACC Decision No. 67821 and the Curtailment Plan of Payson Water Co. Inc. due to and because of the various and obvious abuses of that plan by both BROOKE UTILITIES INC, and PAYSON WATER CO. INC. and its officers, employees and agents.

5) A Ruling by the Administrative Law Judge (ALJ) directing the State's Attorneys office to initiate criminal prosecution against BROOKE UTILITIES INC, and PAYSON WATER CO. INC. and any of its officers, agents, representatives and employees who participated in the events, scheme and abuses of the Complainant;

6) A Ruling by the Administrative Law Judge (ALJ) directing that all of the \$600.00 curtailment violation fee (fine) and any interest charged to the Complainant (since August 3, 2009) and otherwise to reconnect service as a result of these events by PAYSON WATER CO. INC. and its officers, agents and employees must be paid back in full to the Complainant and that in addition the company pay the Complainant additional interest on said amount at the same rate as the company charged the Complainant;

7) A Ruling by the Administrative Law Judge (ALJ) directing that the Complainant be compensated for his costs, time and effort to prosecute this complaint;

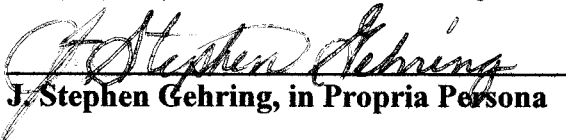
8) A Ruling by the Administrative Law Judge (ALJ) directing that the Complainant be compensated for the unwarranted hardship, financial loss and all property damages (\$26,000.00) incurred by him and that he has been made to suffer;

9) A Ruling by the Administrative Law Judge (ALJ) directing that the incident, specifically the disconnection and forced payment of a \$600.00 curtailment fee shall not be counted as a first offense of the curtailment plan;

10) A Ruling by the Administrative Law Judge (ALJ) directing that the Utility Company and all of its officers, agents and employees are prohibited from any further harassment of the Complainant and shall leave the Complainant alone from this date forward. The are not to harass him, not check his meter anymore than once a month as prescribed in Title 14, Ch. 2 R14-2-408 (A) for any reason other than with the expressed written permission of the customer after full disclosure of the intent and purpose by BROOKE UTILITIES INC, or PAYSON WATER CO. INC. or any of its officers, agents, representatives and employees to inspect the meter.

11) A Ruling by the Administrative Law Judge (ALJ) directing that any and all BROOKE UTILITIES INC, and PAYSON WATER CO. INC. officers, agents, representatives and employees involved in abuse of the curtailment plan and abusive billing practices should be investigated and prosecuted by the Arizona Corporation Commission and the Attorney General of the State of Arizona for their participation in a scheme to damage and injure their customers and particularly the Complainant and for the purpose to embezzle, extort or convert thousands of dollars in customer money into curtailment violation fees (fines) to offset the costs to import and haul water into the system to supplement demand.

Respectfully submitted this 31st day of July 2010


J. Stephen Gehring, in Propria Persona

CERTIFICATE OF SERVICE

A copy of the foregoing has been faxed and mailed this 31st day July 2010 to the following:

DOCKET CONTROL
ARIZONA CORPORATION COMMISSION
1200 West Washington St.
Phoenix, Arizona 85007

By: J. Stephen Gehring

EXHIBIT A

CHILI CHAMP

Pine chiel cooks tastes,
hopes for best

PAGE 2

EARTH EXPO

First annual event in Pine
this weekend

PAGE 10

AREA MAP INSIDE

Things to do, places to
shop in Rim Country

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Rim Country Gazette

THE NEWSPAPER OF THE PEOPLE

Vol. 4, No. 14

July 29, 2009

Is Brooke Utilities selling air in Mesa del?

By Jim Keyworth
Gazette Editor

When Steve Gehring talks about water shortages in Mesa del Caballo, he talks from experience. The owner of the Houston Mesa General Store moved here in 1976.

But what he and his Mesa del neighbors have been through so far this summer ranks right up there with the worst Gehring can recall. Especially Saturday, July 11, when the system went down for lack of water.

That happened, Gehring said, because the "bigwigs" in California refused to allow water to be hauled into the community until 6 p.m. Saturday evening.

"This whole shortage that we had they created," Gehring charged. "They knew they were supposed to be hauling water in here. I talked to (Brooke spokesperson)

Myndi (Brogdon) and she's the one who told me they were refusing to haul in here."

To add insult to injury, Gehring said he was charged for 550 gallons of water he didn't use when he was out of water that day.

"Everybody up high ran out of water," he said. "We were out until about 9:30 at night. We didn't have a drop."

So how did he get charged for water when there was none to be had?

"When the system goes down, there's no water in it and there's nothing but air," he explained. "Then when it comes back up, it's like a big piston pushing that air and the pressure builds up, so when it goes through the meter, the meter is spinning like a top."

He demonstrated by blowing into two different meters typical, he claims, of

See Brooke, page 9

EXHIBIT A

Is Brooke charging for air in Mesa del? *continued from page 1*

meters Brooke has used.

"Watch this," he said as he blew into one meter. "See it move. I'm only putting out about 10 pounds of pressure. Those (water) lines have up to 50 pounds of pressure."

Gehring said Brogdon first denied the meters measured air, but then admitted it.

"I showed her," he said. "She said the guys lied to her because they didn't want the customers to know."

And how does Gehring know he got charged for 550 gallons when he was out of water? Because, he alleges, he and some 25 Mesa del customers have been "harassed" by having their meters checked every day for a month.

"They said between 9 or 10 Saturday morning and 9 or 10 Sunday morning I used 550 gallons," he recalled. "I had no water here on the 11th, yet they said I used 550 gallons of water. (Gehring admits he took a shower and washed dishes Sunday morning, but says there is no way he used 550 gallons.)"

"This was when they were running on various people's places measuring water on a daily basis and harassing the customer over water usage. We're entitled to 150 gallons per day per person and they're oppressing people and telling them not to use water."

"I put a stop to them coming on my property every day. I told them you have a right to come on my property once a month to read my meter – that's it. This

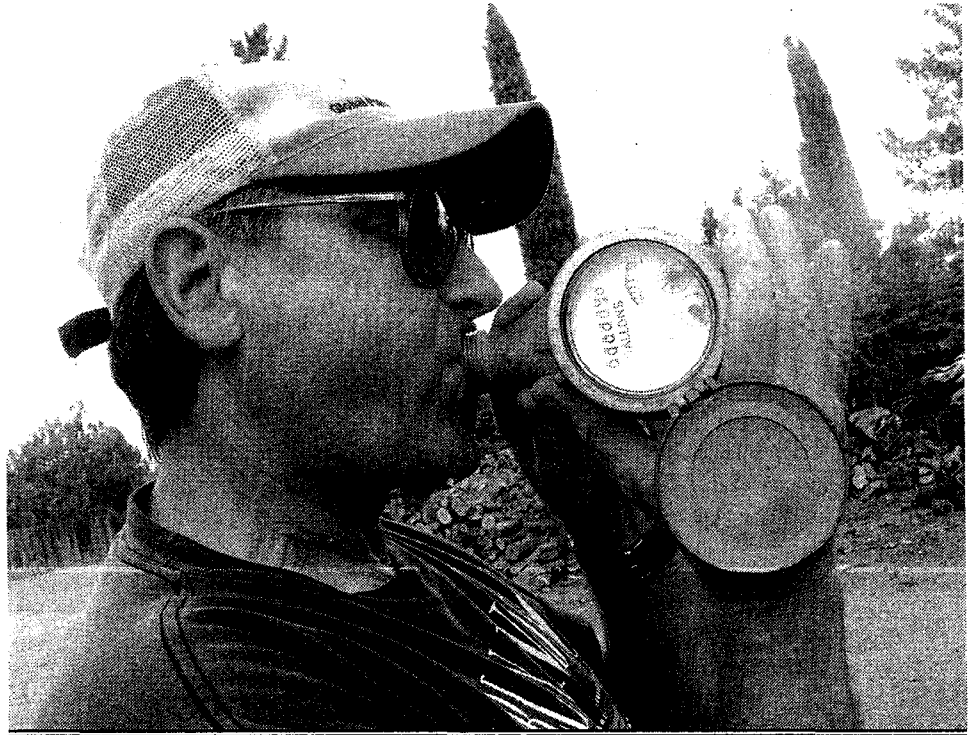


Photo by Jim Keyworth

Mesa del Caballo resident Steve Gehring demonstrates how Brooke Utilities could have charged him for air by blowing into a water meter. He was out of water all day Saturday, July 11, and believes the air was pushed through his meter by water as the system came back up.

cording to Brooke's website. The community, located off Houston Mesa Road two miles east of Payson, is served by a total of five wells, and probably as many as 30 residents have their own wells.

In light of the shortages this summer, when

have been pressing the ACC for a meeting.

"I don't think Brooke is going to do anything to improve the situation, because they don't invest in the system," he said. "They're just trying to milk the system for all they can at the least amount of cost for maintenance."

"They don't give a damn about us. All they care about is the bucks, and they absolutely refuse to do anything to improve this system."

has all been harassment – unwarranted, unnecessary harassment – and it's not going to continue. Don't come on my property anymore."

But those aren't the only things that have Gehring upset with Brooke. He claims that most of the pipeline in the Mesa del system is asbestos cement pipe.

"That was all laid in back in the 50s when they developed the subdivision," he said. "You don't drink the water (in Mesa del) for several reasons. One there's a lot of calcium and lime in it, but that's because it's well water. The other is because of that pipe.

"They used to punch into it when they were going to do an add-on. They'd put a saddle over it, which leaks nine times out of 10. I imagine there's leaks all over the system. You punch a hole in that pipe, you got the debris in the pump and you drink it."

Breathing asbestos fibers is an established health hazard, but in fairness to Brooke, which did not respond to several questions related to this article, there is a wide divergence of professional opinion on whether drinking water from asbestos cement pipe is harmful or not. In fact the World Health Organization says the pipe has been widely used around the world and it is not dangerous.

Mesa del has 401 water hookups, ac-

virtually all monsoon storms have missed the community, several others are considering drilling their own wells. As of Tuesday, Mesa del was under Stage 4 water restrictions, which prohibits outdoor use of water.

Gehring takes exception to Brogdon's claim in another newspaper that it would cost Brooke between \$100,000 and \$300,000 to drill a new well and put in the necessary pumps and storage tanks to bring it on line.

"That's a bunch of baloney," he snorted. "It's about \$10,000 to drill a 500-foot well. Then you've got the pumps and the storage tanks. The polyethylene tanks are much cheaper than the steel ones."

Gehring admits that Brooke made some improvements when it took over the system from Rich Williamson 13 years ago.

"They put in a couple of wells, and they made some deals to buy water from some of the other people that had wells in here," he recalled.

But he hasn't seen much evidence of anything happening since then.

"You know how this crap goes with these people," he said. "They don't give a damn about us. All they care about is the bucks, and they absolutely refuse to do anything to improve this system."

Gehring says he has filed a verbal complaint with the Arizona Corporation Commission. In fact, several Mesa del residents

"We need to form a water improvement district. I wanted to do this years ago when Williamson was screwing us over.

"One, they're not doing anything to develop water resources for the community. Two, they won't let the (Houston Mesa) Fire Department take any water out of the system for a fire (a statement confirmed by Houston Mesa Fire Chief Chuck Jacobs), and three, they won't do anything to hook into (Blue Ridge water although it will be running right past the community).

The way Steve Gehring sees it, three strikes is all anybody gets.

EXHIBIT B



P.O. BOX 82218
BAKERSFIELD, CA 93380-2515
CUSTOMER SERVICE: 1-800-270-6084
FAX 1-800-748-6981

STAGE 4 WATER CONSERVATION RESTRICTION IN EFFECT

June 27, 2006

Dear Valued Mesa Del Caballo Customer,

As you know, Arizona continues to experience moderate to extreme drought conditions. Unfortunately, we don't expect these conditions to materially change until seasonal sustained precipitation modifies this condition. You can be assured Payson Water is doing everything reasonably possible to maintain adequate water supplies but we need your help and your neighbor's help. **Payson Water strongly encourages every part-time and full-time customer to participate in all posted conservation stages.**

The front and back of this flyer provides answers to the most frequently asked questions about Payson Water's conservation stages.

Who Decides What Conservation Stage is Posted?

Payson Water determines the posted conservation stage based on a combination of several components included but not limited to: production, storage levels, water table levels and escalating customer demand. Payson Water was provided specific parameters and definitions for each stage by Arizona Corporation Commission ("ACC") Decision 67821. Enforcement fines were also granted to Payson Water by ACC Decision 67821 on May 5, 2005.

How Do I Stay Informed of the Current Conservation Stage?

Payson Water has provided several different ways for residents to keep up with the current water conservation restrictions including:

- A) A water conservation sign is posted at the entrance to the Mesa Del Caballo subdivision.
- B) You could become a member of the Payson Water e-mail advisory group (see reverse for the easy sign-up form).
- C) If you do not travel from your home much and/or do not wish to join the e-mail advisory list, you can contact us for current conservation stages during business hours at 1-800-270-6084.

What Does Each Stage Represent and How Do I Know I'm Following the Conservation Requirements?

Stage 1: Under Stage 1 the public water system is deemed to be operating normally and no curtailment is necessary.

Stage 2: Under Stage 2 voluntary conservation measures should be employed by customers to reduce water consumption by ten percent (10%). Outside watering on weekends and holidays should be curtailed. Outside vegetation watering may occur during weekday periods on even days for the month for even numbered lots, and odd numbered days of the month for odd numbered lots.

Stage 3: Under Stage 3, **mandatory** conservation is in effect. Customer should employ water conservation measures to reduce daily consumption. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of a drip or misting system of any kind is prohibited
- The filling of any swimming pool, spas, fountains, or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited.

Once notice of mandatory conservation has been provided the failure of a customer to comply within one (1) business day or two (2) calendar days of receipt of such notice will result in an immediate disconnection of water service pursuant to Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for violation of a Stage 3 curtailment notice shall be: 1st offense: \$150.00; 2nd offense: \$300.00; 3rd offense \$600.00

Stage 4:

Under Stage 4, mandatory conservation is in effect. Customer should employ water conservation measures to reduce daily consumption. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs or any plant life is prohibited

(Over)



P.O. BOX 82218
BAKERSFIELD, CA 93380-2515
CUSTOMER SERVICE: 1-800-270-6084
FAX 1-800-748-6981

- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of a drip or misting system of any kind is prohibited
- The filling of any swimming pool, spas, fountains, or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited.

Once notice of mandatory conservation has been provided the failure of a customer to comply within one (1) business day or two (2) calendar days of receipt of such notice will result in an immediate disconnection of water service pursuant to Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for violation of a Stage 4 curtailment notice shall be: 1st offense: \$300.00; 2nd offense: \$600.00 3rd offense \$1,200.00.

***Stage 5**

Under Stage 5, mandatory conservation is in effect. Customer should employ water conservation measures to reduce daily consumption. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of a drip or misting system of any kind is prohibited
- The filling of any swimming pool, spas, fountains, or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited.

Once notice of mandatory conservation has been provided the failure of a customer to comply within one (1) business day or two (2) calendar days of receipt of such notice will result in an immediate disconnection of water service pursuant to Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for violation of a Stage 5 curtailment notice shall be: 1st offense: \$600.00; 2nd offense: \$1,200.00; 3rd offense \$2,400.00.

If a customer believes he/she is disconnected in error during a Stage 3, Stage 4 or Stage 5 condition, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

HOW LONG DOES A WATER CONSERVATION STAGE LAST?

Until water conditions meet the requirements outlined in the curtailment tariff provided by ACC Decision 67821. Posted water conservation stages generally do not change more than once per day.

HOW DO I REPORT WATER WASTERS?

Call Payson Water's customer service center at 1-800-270-6084. An agent will dispatch a serviceperson for investigation immediately. All reporting parties will remain anonymous.

SIGN UP FOR THE PAYSON WATER E-MAIL ADVISORY LIST today! If you would like to become member of our growing water advisory lists please complete this form and return to: Payson Water Company, Inc. PO Box 82218 Bakersfield, CA 93380. Water advisory list members receive periodic electronic messages regarding local water conditions, scheduled and unscheduled interruptions and water system disclosures. Our lists are not intended for commercial purposes and you can be confident we will not share your personal information. All customers are responsible for notifying the water company of changes to their contact information. YES, please add my e-mail address to the Payson Water Advisory List today!

Name _____

E-Mail Address _____

Account _____

Advisory List Code: MdC

Brooke Utilities, Inc.
Brooke Water L.L.C.
800-270-6084

HC 1 Box 1544
Strawberry, AZ 85544
E-Mail: myndibrogdon@msn.com

Office: (928) 476-2500
Cell: (928) 970-0482

Myndi Brogdon
Community Relations Representative

Brooke Utilities, Inc.

Acct No:

58130

Date:

7/30/09

Name:

Horton Mesa

General Store

Svc Location:

Max Pish

Meter Number:

60148097

A COMPANY REPRESENTATIVE CALLED TODAY FOR THE
FOLLOWING REASON(S):

- ☐ New Service Installation. See attached compliance sheet.
- ☐ Inspection of customer-side connection for safety lock removal:
See below for results.
- ☐ Conducted meter re-read — See below for results.
- ☐ Your bill was returned to us as undeliverable.
Please call customer service immediately.
- ☐ Turned off company valve due to possible leak or device left on —
Please call for reconnection
- ☐ Turned off customer's valve due to possible leak or device left on —
You may restore service.
- ☒ Water conservation stage violation-warning and notification attached.
- ☐ Conducted on-site meter accuracy test- see below for results.
- ☐ Delivery of attached notice.
- ☐ Water System Upgrade:
- ☐ Meter Replacement Program — Install New Meter
- ☐ Meter Replacement Program — Rebuilt Existing Meter
- ☐ Raised/lowered service
- ☐ Replaced meter box or meter box lid
- ☐ Relocated meter

☐ To inform you water service in your area
will be temporarily interrupted on:

FROM: _____ am / pm TO: _____ am / pm

☐ To inform you water service in your area will be temporarily interrupted
— See attached notice for more details

☐ Water Service Disconnection

- ☐ Final Warning Notice — See attached for pending disconnection date.
- ☐ Water service was disconnected — delinquent payment — see attached
- ☐ Water service was disconnected — no applicant on record for this address
- ☐ Water service was disconnected — water conservation stage violation
- ☐ Water service was disconnected — Failure to install /test backflow device
- ☐ Other: _____

Received @ 8:30 AM
7/31/09
MB Home Delivery
JH

Office/Field Use Only:

By:

MB

Date

7/30/09

Meter Read:

2479240

Additional Information/Comments:

USAGE INCREASE DURING
MANDATORY CONSERVATION

EXHIBIT C

Brooke Utilities, Inc.
Brooke Water L.L.C.
800-270-6084

EXHIBIT C

Acct No: 58130

Date: 8/3/09

Name: Houston Mesa General Store

Svc Location: MOE P156

Meter Number: _____

A COMPANY REPRESENTATIVE CALLED TODAY FOR THE FOLLOWING REASON(S):

- ☐ New Service Installation. See attached compliance sheet.
- ☐ Inspection of customer-side connection for safety lock removal:
See below for results.
- ☐ Conducted meter re-read — See below for results.
- ☐ Your bill was returned to us as undeliverable.
Please call customer service immediately.
- ☐ Turned off company valve due to possible leak or device left on —
Please call for reconnection
- ☐ Turned off customer's valve due to possible leak or device left on —
You may restore service.
- ☐ Water conservation stage violation-warning and notification attached.
- ☐ Conducted on-site meter accuracy test- see below for results.
- ☐ Delivery of attached notice.
- ☐ Water System Upgrade:
 - ☐ Meter Replacement Program — Install New Meter
 - ☐ Meter Replacement Program — Rebuilt Existing Meter
 - ☐ Raised/lowered service
 - ☐ Replaced meter box or meter box lid
 - ☐ Relocated meter

- ☐ To inform you water service in your area
will be temporarily interrupted on: _____

FROM: _____ am / pm TO: _____ am / pm

- ☐ To inform you water service in your area will be temporarily interrupted
— See attached notice for more details

☒ **Water Service Disconnection**

- ☐ Final Warning Notice — See attached for pending disconnection date.
- ☐ Water service was disconnected — delinquent payment — see attached
- ☐ Water service was disconnected — no applicant on record for this address
- ☒ Water service was disconnected — water conservation stage violation
- ☐ Water service was disconnected — Failure to install /test backflow device
- ☐ Other: _____

Office/Field Use Only:

By: MB Date: 8/3/09

Meter Read: 2431455

Additional Information/Comments:

usage increased during
mandatory conservation

EXHIBIT D

EXHIBIT "E"

Michael Armstead
HC 3 Box 511- T
Payson, Az. 85541
(928) 474-5556

J. Stephen Gehring
HC 3 Box 519-C
Payson, Az. 85541

August 5, 2009

Mr. Gehring:

In response to your inquiries concerning three questions posed to me concerning the water system in Mesa del Caballo.

1. How does air get into the water mains in an outage situation?
2. Does the air register as water by the water meter?
3. Can my water service be disconnected or terminated for "over usage" or "increased usage during mandatory conservation" under current mandatory curtailment or conservation stages?

Question No. 1: How does air get into the water mains in an outage situation?

To address these questions you must understand the distribution system. Water is pumped from the source or wells into storage facilities. This is to gather storage for peak demand usage and to dissipate any air coming from the source through a vent in the storage tank.

The water is then gravity fed to a booster pump, that pumps into a pressure tank, (2,000 gal.) as water applies pressure to the tank (air) is added to the top of the tank. Approximately 1/3 of the tank is displaced with air, but the air is compressed to a 3 to 1 ratio. This gives the water system, booster pump time to cool and a longer run time on the motor.

In an outage situation the pressure lowers to a point that air can escape into the water mains. Because of this compression of the water on the air the mass of air will increase three times, about 1500 Cu. Ft. of air. Mesa del Caballo has four of these tanks. As the system comes back on line the air tries to escape, the pressure cause air to rise to the high points in the system.

As the pressure rises, water fills the system. Pressure tanks electrodes on the air compressors, begin pumping air back into the pressure tank and is cyclical (automatic) in nature. Because there are no relief valves in the main lines to remove excess air, the air in the main lines is released through the water meters and out at the point of use (i. e. toilet, shower, showers, faucets, washing machines, hose bibs, float valves on livestock tanks etc.).

All connections should have check valves to stop back siphoning from point of use and this is where most people believe air comes from. The majority of air is produced by the water system design.

Question No. 2: Does the air register as water in the water meter? Yes. As the water compresses on the air in the main line, it spins the register on the meter and shows as water usage on the dial indicator better known as the "register". (See: Attached Sensus/Rockwell History and Repair Instructions {3 pages. Please notice Item 3 of the Repair Instructions on the issue of AIR}).

Question No. 3: Can my water service be disconnected or terminated for "over usage" or "increased usage during mandatory conservation" under current mandatory curtailment or conservation stages per ACC decision No.67821 and the Curtailment Plan?

At the Arizona Corporation Commission website (~~www.azcc.gov~~) under rules-fixed utilities, Title 14, Ch 2 this is the Rule better known as the law, practice, policy and procedures so listed in this chapter. Yes, the Utility Company can disconnect for excessive use, however, they better be right in doing so, they must comply with the letter of the law to disconnect. In other words they must be specific to disconnect and be able to evidence the cause of disconnection. They must have physical evidence to support their reason or cause to disconnect.

In this case I believe that Brooke Utilities Co. Inc. and Payson Water Co. Inc. were not right in their actions to disconnect their service to people in Mesa del Caballo because of outages and air introduced into the system that are skewing meter readings and that they must have evidence in this case documented photographs (time, date and place) of actual violations of the prohibited usage to back up their violations alleged.

In this instance I do have vast knowledge of conservation plans and its intended use at the time of development. The Plan, was never intended to be used as a whip or means of control and manipulation of the consumer. The Plan, was intended to educate and advise the consumer on the nature of the situation of their water system and was not intended to induce fines for noncompliance for monetary gain by Brooke Utilities Co. Inc. and Payson Water Co. Inc.

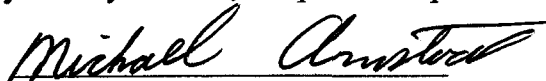
The posting of the signage at the entrances to the subdivisions was the fastest means to alert the customers of the then current situation and was voluntary. Because of the respect for the water company and its employees and their constant education by United Utilities Inc. the conservation signage was very successful.

In direct opposite to that intent and purpose Brooke Utilities Co. Inc. and Payson Water Co. Inc. are abusing the conservation signage program to the point that they have lost the respect and trust of the customer. Abuse and misconduct by the employees, harassment and intimidation of the customers have escalated and distrust in the management capabilities of Brooke Utilities Co. Inc. and Payson Water Co. Inc. has occurred. Had employees reverted to the emergency procedures manual they would have scheduled the outage, notified the consumer, shut off outlet valves to pressure tanks and averted air being released into the main lines. Meter reads could then be used reliably as a tool to operate the system and they should have notified the ACC as to an emergency outage. They had known outage situations developing, refused to take steps to prevent them and allowed them to occur. The conservation plan, emergency procedure manual, the ACC Title 14 and the Department of Environmental Quality Rules must be used in conjunction with each other.

I do not know for certain at this time if any health violations have occurred at the County or ADEQ levels.

I feel at this point immediate intervention by a third party mediator must be implemented to stop reoccurring circumstances and that customers should be reconnected without fines, their bills credited for any inconvenience as this will go a long way with building that trust back into the equation

Thank you for your time, I hope this helps this situation. Feel free to contact me at any time.


Michael Armstead



SR® Water Meters

Repair Instructions

Introduction

The Sensus Sealed Register Magnetic Drive Water Meter incorporates unique design features which greatly simplify maintenance. With just two primary elements—the hermetically sealed register and the oscillating piston measuring chamber (which has only two moving parts in the water), the Sensus SR® Meter can be easily and economically repaired by the water utility.

Suggested Procedure

In the event that repairs are required after an SR® Meter has been in service, the following procedure is suggested:

1. Turn off the water supply and remove meter from service.
2. When the meter is removed from the line and brought into the meter shop, it is always advisable to run an accuracy test prior to disassembly. Note particularly the low flow test results (1/4 gpm for 5/8" size). Inaccuracy will normally show up first at low flows on an old meter.
3. Drain water from meter by tilting inlet and outlet spuds vertically, first one end up, then the other. After water is drained, blow through inlet spud to determine if piston moves through its cycle and the center sweepband of the register moves.
4. If piston does not move, the problem is within the measuring chamber. If piston moves and register sweepband fails to move, trouble is in register.
5. To correct a chamber problem, proceed as follows:
 - a. Remove bottom bolts and separate the bottom plate from the upper maincase.
 - b. Remove the measuring chamber from the maincase. If the meter is relatively new, it should drop out easily. If it is stuck in the maincase because the measuring chamber gasket is adhering to the bronze surface, it can be jarred loose by tapping the case against the edge of a wooden repair bench. Because there is no metal to metal or plastic to metal chamber fit in the SR® Meter, the chamber can be removed easily, even after many years of service. Care should be taken not to damage spuds or face of flanges when tapping the maincase.
 - c. With the chamber removed, take the measuring chamber O-ring off (Ill. #13). Push finger against piston drive magnet post and move piston through its cycle. If piston fails to move freely, the trouble will be found inside the chamber. Excessive wear, pipe chips, chemical deposits and other foreign material will hinder piston from moving freely through its cycle.
 - d. Open chamber by removing chamber bottom (Ill. #18). This can be done by placing the tip of a screwdriver in the chamber slot and giving it a twist. When doing this, be sure the piston roller (Ill. #17) does not fall off its post and become lost. In normal clean water service, the piston roller is usually the first part to show excessive wear. With the roller on its pin, check for excessive clearance between the pin and the inside diameter of the roller. The roller should be free on the pin, but with little detectable clearance. The simple replacement of a worn piston roller, along with a chamber cleaning, will return the majority of SR® Meters back to new meter accuracy specifications.

In cleaning the chamber, remove any foreign material that makes the chamber walls, edges or chamber corners rough.

Laundry soap and a soft bristle brush will remove most deposits from either the Rocksyn® plastic chamber or the bronze chamber. Fine steel wool or emory cloth can be used to remove stubborn buildups. Do not use acid dips to clean measuring chamber parts. The chamber interior must be clean and smooth.

Clean the piston in the same manner as the chamber. Check the piston for any foreign matter or pipe chips that may have become imbedded in the walls.

If the rubber coating of the division plate (Ill. #15) is torn or severely scuffed, replace with a new division plate. Slight scuffing may be due to a burr on the "V" slot of piston where it comes in contact with the division plate. Carefully remove any burrs with a small flat file such as an automobile ignition file or a sharp pointed scraper. Crocus cloth or fine emory cloth is also suitable, but be careful not to remove any of the piston material.

Check the piston loop (elongated opening in the piston). It is designed to clear the division plate slightly at all positions through the piston's cycle. Friction here will cause the meter to test poorly on low flow. You can scrape the loop with a sharp tool to make it clean, but **do not scrape too much** (do not remove any piston material), or you will destroy the water seal at this point. This will cause accuracy loss at high flows.

If the piston is badly worn or distorted by heat, it will be necessary to replace it. Greatest wear takes place on the underside of the piston where it rubs on the chamber bottom plate. The bottom of the piston has a slightly raised surface around its outside diameter. If this rub surface is worn away so that the piston is working on the web area (where the holes are located), low-flow meter performance will be affected and the piston should be replaced. Heat distortion, caused by hot water backup, can be checked by placing a straight edge or ordinary ruler across the bottom and outside wall of the piston. The piston should be perfectly flat in these areas. If the straight edge can be rocked or light can be seen between piston and straight edge, the piston is warped and must be replaced. **When installing a new piston, always use a new piston roller.**

The measuring chamber bottom plate (Ill. #18) should fit snugly ("snap fit"), into the chamber. The fit should be tight enough so that the bottom plate remains assembled to the chamber without dropping off of its own weight. If it is loose, it is possible that the meter has been frozen and the chamber is spread slightly. In this event, the measuring chamber must be replaced as the internal volume will be too great and piston motion will be impaired because the chamber bottom plate and piston roller are not necessarily centered. If excessive wear, pitting or corrosion is evident on the measuring chamber bottom plate, replace the bottom plate.

- e. After cleaning and repairing the chamber, reassemble and repeat step 5-c. Piston should oscillate freely. If piston moves freely, replace the measuring chamber O-ring. (An effective check of piston freedom is to place the measuring chamber on its edge and slowly roll it across the repair bench. The piston magnet pin should stay in the bottom of the chamber opening as the chamber is slowly rotated. This indicates that the piston is freely moving through its cycle in the chamber.)
6. If trouble was not found in chamber, check the sealed register. The register can be checked in the maincase or can be removed for easier handling. To remove the register, use a combination socket and spanner wrench (available from your Sensus Sales Representative) to loosen the register retainer (Ill. #9). Pliers or other make-shift tools should not be used as they may damage the register well if they slip off the retainer.

North America
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History

The origin of our company goes back well over a hundred years. It is a product of a New York meter company, founded in 1870, merging with a Pennsylvania company to form the Pittsburgh Equitable Meter Company. Our story begins when the Rockwell family purchased the company in 1945. "Colonel" Willard F. Rockwell was the engineer who ran the business and it was he who was responsible for moving it to Uniontown, Pennsylvania.

The Rockwell Manufacturing Company Uniontown facility opened in November 1953 to manufacture Arctic, Tropic and Empire positive displacement (disc and piston) meters, Eureka "B" turbine meters and a newly designed single register compound meter. However, the primary reason for the new plant was to build the revolutionary new piston type water meter called the SR (sealed register) meter.

In 1957, after more than \$5 million in development and testing costs, the 5/8" size SR meter was put into production. The new meter led the water industry in a new direction over the next two decades. It also made Rockwell #1 in the water meter industry. To date over 40 million SR meters are in service throughout the world.

In the 1960s, the Turbo Meter line of high-performance turbine meters was developed. Remote meter reading came along in the early 1970s; first the generator, then encoders such as the TTR (TeleTape Remote) and in 1984, the TouchRead System with its digital ECR (Electronic Communication Encoder).

The TouchRead system accomplished for meter reading what the SR had done for the meter design; it established a new standard. TouchRead was the first truly reliable, automated system for obtaining accurate meter readings in electronic form, ready for the billing computer.

In 1985, the SR11 meter was introduced. This family of new piston type water meters, along with the upgraded electronic encoded registers (ECR II) and state-of-the-art reading capabilities (TouchRead, telephone and radio based AMR) set the stage for the company's dominant role in technology today.

As Rockwell grew and diversified into a wide array of industries, it combined the water meter business with its gas meter and valve operations in the Measurement and Flow Control Division. This division was sold in 1989 to BTR plc of London. Ten years later the company became known as Invensys Metering Systems. In December 2003, the Resolute Fund L.P., a private equity fund managed by the Jordan Company and GS Capital Partners 2000 L.P., a private equity fund managed by Goldman Sachs & Co. acquired Invensys Metering Systems from Invensys plc. The new international company was named Sensus Metering Systems Inc.

In June of 2006, Sensus acquired the assets of Advanced Metering Data Systems (AMDS). The acquisition enabled Sensus to roll the FlexNet advanced metering infrastructure (AMI) system, into Sensus' comprehensive suite of meter reading solutions.

Today Sensus is the world's largest manufacturer of water meters and is an innovator of sophisticated AMR/AMI solutions — including TouchRead, PhonRead, RadioRead and FlexNet, each of which uses the versatile Intelligent Communications Encoder (ICE) for ultimate programming flexibility.

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Contact Customer Service - 1.800.638.3748
[Legal Information](#)

If an Sensus motorized register tester (Ill # 32) is not available, proceed as follows:

Note the exact position of the sweepband in relation to one of the lines on the register face. A spare piston or the one from the meter can be used to check the register. The piston's center pin contains the drive magnet for the meter's magnetic drive. If this magnet is held next to the register well, as it would be in the meter, and is rotated about it, the follower magnet which is inside the well, should follow the motion of the piston, causing the register sweepband to move. Make sure that the metal piston pin bears against the side of the register well. Rotate the piston 20 or 30 times to cause the register sweepband to move 2 or 3 increments from its initial position. If the sweepband has failed to move, it can be assumed that the trouble is within the register. If the register sweepband moves but is jerky or a clicking noise is heard, the register is defective.

A standard register is covered by a 25-year warranty. (Encoder registers carry a minimum 10-year warranty.) If the register fails within this period, replace it with a new register and return the old register to the nearest Sensus District Sales Office service center in your area; they will replace it on a no-charge basis. (If you wish, you may retain any SR® registers which fail to operate properly until the next visit by your Sensus Sales Representative; he will make arrangements for their replacement.)

7. After the measuring chamber and register have been checked and put in good working condition, reassemble the meter. When installing the register, insure that the small rubber gasket (Ill. #4) is in place on the register well, up against the register cup. Gen-

erally a new gasket should be used. Replacement registers come with a new gasket in place. Inspect the strainer (Ill. #10) to see that it is clean and properly positioned. The measuring chamber gasket (Ill. #11) must also be seated properly on the machined "step" in the maincase to make an effective seal between the maincase and the chamber. Old chamber gaskets sometimes stick and are stretched when being removed from the maincase. Therefore, it is recommended that a new chamber gasket be used if the meter has been in service for a number of years. The chamber is installed next—as a complete assembly. Because of the unique Sensus design, the chamber can be installed with the outlet port (in the side of the chamber), in any position. Normally, for lowest possible head loss through the meter, the outlet should line up with the outlet spud of the maincase. However, in extremely dirty or sand-laden water, meter life is extended if the chamber is positioned so that the outlet is 180° (opposite) from the meter's outlet spud. This positioning increases water turbulence inside the meter, which tends to wash the dirt or sand through the meter.

Before bolting on the bottom plate, check the condition of the bottom liner or bottom plate gasket (Ill. #19, 20 or 21). Unless the rubber has deteriorated due to unusual water conditions, the liner or gasket can be reused. Tighten the bottom cap screws evenly to avoid distortion and leaks but **do not over-tighten**. The Sensus combination wrench provides sufficient leverage to ensure proper tightening.

8. After reassembly, the meter should be tested for accuracy at the flow rates specified by AWWA's Manual M6 for that size meter.

AUTHORIZED SENSUS DISTRIBUTOR



P.O. Box 487 • 450 North Gallatin Avenue
Uniontown, PA 15401
1-800-METER-IT • 1-800-638-3748

Fax: Direct to Factory
Local: 724-439-7729 • Toll Free: 1-800-888-2403
www.sensus.com (select "North America Water")
Email: h2oinfo@sensus.com

EXHIBIT E

EXHIBIT D

RE: TESTING WATER METERS

IT HAS BEEN MY EXPERIENCE THROUGH OUT MY TIME WITH BROOKE UTILITIES (8/06 TO 9/07) AND MY PRESENT EMPLOYMENT WITH A QUALITY WATER CO. (AN UTILITIES MANAGEMENT COMPANY), THAT A METER CAN BE TESTED FOR FUNCTIONALITY BY BLOWING THROUGH IT TO CHECK TURBINE CONDITION (WORN OR BOUND UP).

JAMES M BOSSERT
James M Bossert

ADEQ OPERATOR CERTIFICATION # OP025312
WATER TREATMENT GRADE 3
WATER DISTRIBUTION GRADE 2

EXHIBIT F

SPECIAL PAYMENT AGREEMENT

This Special Payment Agreement (“SPA” or “Agreement”) is entered into this 21st day of August, 2009 between Payson Water Company, Inc. (“Water Company”) with its principal business address at P.O. Box 82218, Bakersfield, California 93380-2218 and J. Stephen Gehring (“Customer”) with its local mailing address of HC3 Box 519-C, Payson, AZ 85541. Further, Customer receives water service from Water Company at Houston Mesa General Store, Mesa del Caballo under account number 58130-16615.

The Water Company and Customer hereby agree as follows:

- (1) Customer has a current unpaid balance of \$738.93 as of August 21, 2009.
- (2) Customer agrees to a \$600 reconnection fee, if applicable, as provided by the Water Company's rates and tariffs.
- (3) Customer will make regular monthly payments in the amount of \$50 until the balance is paid in full.
- (4) Customer shall maintain his current water service account on a current basis at all times during the SPA repayment period.
- (5) Customer agrees to make his first SPA payment and pay his water service account current on August 21, 2009.
- (6) Customer agrees to observe all water conservation conditions, if applicable, of the Water Company at all times.
- (7) Customer agrees that during mandatory water conservation periods, as may be applicable, he will restrict or eliminate all outdoor watering as described by the applicable tariff.
- (8) Customer agrees that if, at any time until the SPA balance is paid in full, he ceases to be a customer of the Water Company that the entire balance due at that time under the SPA is due and payable upon the cessation of his water service.
- (9) Customer agrees that if he does not perform each and every condition under this SPA that his water service may be disconnected without notice.

Date:

8,21,09

Robert T. Hardcastle, for
Payson Water Company, Inc.

Date:

_____ / _____

J. Stephen Gehring, Customer

EXHIBIT G

RESPONSE TO SPECIAL PAYMENT AGREEMENT

Authored by Robert T. Hardcastle,
for Payson Water Company, Inc.

Robert T. Hardcastle acting as an agent on behalf of his principal, (Payson Water Co. Inc. a Public Service Corporation) attempts to execute a written Special Payment Agreement (SPA) with the Customer and purporting to sign "for" the principal by which liability is imposed upon the principal and not the agent in the offered unconscionable agreement.

The Customer objects to disbarred attorney and agent for the principal Robert T. Hardcastle referring to him as an "it." The Customer is a human being as are two other human (households) residing on the property with established and protected rights and privileges pursuant to the laws of the United States and the state of Arizona and is/are not a statutory created entity void of rights.

The proposed SPA dated August 21, 2009 and received by the Customer on August 26, 2009 is a new written agreement that attempts to supercede the oral agreement entered into on August 21, 2009 between the Customer and the Water Company, which was negotiated by Trish Meter of the ACC on behalf of the Customer and which the Water Company previously agreed to as can be easily evidenced.

Said SPA exceeds the terms and conditions originally agreed to by the Customer in the oral agreement negotiated. It places the Customer at an extreme disadvantage, subjects him to future harassment, damage, injury and harm without legal recourse, it is oppressive and it imposes an extortionate rate or interest, fees or fines for some undefined prohibited act that the Water Company has not identified, shown or proven nor can they evidence that the Customer ever even participated in at any time on or before August 3, 2009.

The Water Company is in non-compliance with ACC Decision No. 67821, the Curtailment Plan and ACC Rules R14-2-410 (B) (1) (d); (C) (1)(a); (D)(2)(b)(e); (E)(1)(3)(4) and (F)(1) for the following reasons:

1. Water Company personnel are not permitted by law to threaten, coerce, defraud, intimidate or entrap their Customers or to employ fraudulent business practices to intentionally inflict damage, injury or harm on them. To do so otherwise is known as criminal conduct or activity.
2. The Customer was at all times during supply shortages in compliance with the Curtailment Plan and procedures and was not participating in any of the eight prescribed prohibited usages per the Curtailment Plan's Mandatory Conservation Stages 3, 4 and 5 where non-compliance and participation in prohibited usage is the only cause and justification for disconnection pursuant to ACC Decision No. 67821 and the Curtailment Plan and absolutely no other. R14-2-410 (B) (1) (d). The Water Company went above and beyond those limitations in furtherance of a fraudulent scheme to extort money and property from the Customer.
3. The Customer was not in violation of any of the Water Company's tariffs filed with the Commission or any of the Commission's rules and regulations. The Water Company has failed or refused to offer any proof or evidence to support any claim to the contrary and have been given more than enough time to respond but fail or refuse to respond. R14-2-410 (B) (1) (d), (C) (1) (a). The Commission must show cause why it has failed to compel the Water Company to respond.
4. The Water Company did not give proper notice as required of changes from Stage 3, to Stage 4 to Stage 5 conditions or comply with notice requirements or permit the Customer 48 hours to

respond or comply per each Notice of change in Curtailment Stage or give a 10-day written notice prior to the termination date.

5. The Water Company and its personnel failed to comply with ACC Decision No. 67821 or the Curtailment Plan, conspired and executed a fraudulent scheme abusive of the Plan with intent to extort money from and cause damage, injury and harm to the Customer. They planned to create Stage 4 and Stage 5 conditions approximately one week prior to the actual event, positioned the Customer to entrap him, manipulated Notices of Curtailment Stages and herded the Customer into a corralled operation to deprive money and property from him.

6. The Water Company is only authorized by the ACC to curtail water service under the specific terms and conditions listed in the Decision and Tariff Schedule that was attached to ACC Decision No. 67821. R14-2-410 (C) (1)(a); (D)(2)(b)(e); (E)(1)(3)(4) and (F)(1) and the Water Company never offered any of the occupants (renters) of the Customer's property the opportunity to subscribe for service in their own names.

7. Notice is defined in ACC Decision No. 67821 and as it clearly states (**Page 2, Item 8**). **"Once notice of mandatory conservation has been provided, customers can be disconnected IF they fail to comply and continue to use water for purposes that are prohibited."** Is that not plain enough? Okay, let me explain it to those readers with attention deficit disorder.

a. **Mandatory Restrictions** of Water Conservation measures and Legal Notice thereof, come in separate individual Stages (i. e. 3, 4 and 5). Notice of any given stage is only given separately and individually for each Stage and upon the change from one specific Stage condition to another.

b. Upon the change of any **Mandatory Conservation Stage** legal notice must be given of the imposition of the particular **Curtailment Stage** that the **Mandatory Conservation Stage** has either progressed or regressed to another Stage. Separate Notices must be given. Blanket Notices do not apply.

c. According to all **"enforcement"** paragraphs under each separate Stage (i. e. 3, 4 and 5) found in ACC Decision No. 67821 and the Curtailment Plan: **"Once notice of mandatory conservation has been provided,** the failure of a customer to comply within one (1) business day or two (2) calendar days **of receipt of such notice** will result in an immediate disconnection of water service pursuant to ACC Code R14-2-410 (B)(1)(d). The 48 hour rule was not observed.

1. **Calendar Day** is defined as consecutive days, including Sundays and holidays.
2. **Business Day** is defined as a day other than Sunday. A day for the transaction of business, generally.
3. It is highly unreasonable if not ridiculous to expect the Customer to take time out of his day to check on the posted Stage signage at two locations in Mesa del Caballo on an hourly let alone a daily basis. The Customer does not have Internet access and is not required by law to seek out proper Notice that the Water Company is required by law to provide to him.
4. **Notice of Mandatory Conservation Stage changes;** from Stage 3 to Stage 4 at **8:00 p. m.** on August 2, 2009 and from Stage 4 to Stage 5 at **6:30 a. m.** by merely changing signage **without physical contact or written notice is insufficient, irresponsible and is an abuse.**

5. No Notice of Stage 4 or Stage 5 conditions; was received by the Customer until approximately 2:45 p. m. on August 3, 2009 and not until Water Company personnel trespassed to disconnect the Customer. Mandatory Conservation Stage was changed during the night from Stage 3, to Stage 4 to Stage 5 in less than 12 hours. HELLO!!!
6. There existed no cause or justification to warrant disconnection of the Customer for a Stage 3, 4 or 5 violations or to impose a \$600.00 or \$300.00 fee or fine under Stage 5 or Stage 4 Mandatory Conservation to reconnect.
7. The methods employed by Water Company personnel were defective, deceptive, abusive, oppressive and conducted with the intent to defraud the Customer and injure him.
8. The Water Company disconnect the Customer's service without cause or justification and did not at any time specify in writing the Commission rule or regulation or the specific prohibited act that was suppose to have been violated and did not provide an explanation thereof, or a statement advising the Customer that he violated a specific prohibited act of usage per the Curtailment Plan. R14-2-410 (C) (1)(a); (D)(2)(b)(e).

The Customer (and his renters) has/have been made to suffer financial damages, injuries and harm and subjected to extreme hardships, trauma, mental duress and physical suffering due to the misconduct of the officers, employees and agents of the Water Company who acted without cause or justification and in excess of the limited authority granted to the Water Company in ACC Decision No. 67821 and the terms and conditions of the Water Company's Curtailment Plan and Tariff Schedule.

The Water Company by and through its officers, agents and employees set into motion a fraudulent scheme to circumvent the Curtailment Plan and Tariff Schedule with the intent and purpose to extort \$600.00 in reconnection fees from its Customer(s) and to exercise undue leverage and advantage over the Customer(s) without citing one or more of the eight prohibited water usages during a Stage 3, Stage 4, Stage 5 conservation period and without any facts or proof to support any claim.

Mesa del Caballo went from Stage 3 to Stage 4 at 8:00 p. m. on August 2, 2009 and from Stage 4 to Stage 5 at 6:30 a. m. on August 3, 2009. Clearly proper notice was never given. All evidence available indicates that Water Company personnel planed to create the Stage 5 conditions with the intent and purpose to punish Customers and to extort \$600.00 fees/fines from Customers to bolster the Trust Fund Account because the Water Company needed \$18,000.00 for its own purposes.

The purpose of the excessive reconnection fees or fines not to be associated with the non-payment of water billings per ACC Decision No. 67821, page 3, Item 14(a) is:

"That the monies collected under this tariff shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for importing of water to the Company (such as hauling water or connection to and buying water from another water system)."

The Water Company through its personnel controls the flow and quantity of water in the system at any specific time and looses money by importing water due to additional transportation costs.

At any time the Water Company so desires, they can plan, create and implement a Stage 3, Stage 4 or Stage 5 condition without question or preventive supervision of the ACC. It isn't really hard to do.

They just stop hauling water at a planned time and date. Just like they refused to haul water on July 11, 2009 until after a system crash.

By so creating the necessary conditions for huge profits, the Water Company need only exploit the situation for unearned profit, gain and benefit to build up the Trust Fund Account that the Water Company has exclusive use of. It is financially advantageous for the Water Company to plan, create and execute Stage 4 or Stage 5 conditions to extort money and property from the Customer.

The Curtailment Plan as it currently stands is a license to commit fraud and to extort money and property from the Customer anytime the Water Company needs or wants to and is easily abused.

The Curtailment Plan was converted from a voluntary plan to an abusive punitive action plan to raise unearned income for the Water Company and bolster profits.

The Curtailment Plan and its punitive consequences must be abolished because the Water Company has employed fraudulent business practices in all of these matters as is provable by the intent and purpose to abuse the Plan for illicit monetary profit and gain. (See: ARS § 44-1522).

All Customers victimized by the Water Company's abuse of the Curtailment Plan should be fully reimbursed for those fees wrongfully assessed with interest and compensated by the Water Company for all damages and injuries suffered by the Customer and those responsible prosecuted.

There is another motive behind the scheme and the SPA. That is to severely suffer punishment to the Customer for publicly exposing the inherent defect in the design of water meters employed by the Water Company that register AIR in the system as water usage particularly when the system crashes.

The SPA does not appear to be a standard agreement normally entered into between the principal, Payson Water Co., Inc. ("Water Company") and the Customer, pursuant to any normal set of circumstance, or the terms and conditions specified in Arizona Corporation Commission (ACC) Decision No. 67821 and the Water Company's Curtailment Plan, Tariffs, Rules, Service Reconnect Charges, or any of the Implementing Regulations found in Arizona Administrative Codes Title 14 Ch. Art. 4 (See: Definitions R14-2-201 (7), (10), (27),(31), (33), (34), (36)) or any prescribed policy, practice and procedure specified by the Water Company's Fixed Rules approved by the ACC which may or may not be supported by state laws and implementing regulations and found to be binding upon the Customer.

But rather, this "SPECIAL PAYMENT AGREEMENT" (SPA) was designed exclusively by disbarred attorney, Robert T. Hardcastle to oppress and impose an extortionate rate of interest, fees, and fines from the Customer by and through fraudulent and deceitful business practices normally employed by its author.

Water Company agent Hardcastle clearly instructed his personnel to target the Customer(s)/Victims and to go beyond the terms and conditions of ACC Decision No. 67821 and its Curtailment Plan and Tariffs for the exclusive purpose to manufacture Stage 4 and Stage 5 conditions with the intent and purpose to extort unwarranted fees/fines, from the Customer(s)/Victims to offset costs to haul water to fulfill their duties and obligations to their Customers as a Public Service Corporation.

Said "SPECIAL PAYMENT AGREEMENT" solicits this Customer's participation in yet another fraudulent scheme and to extort unreasonable and unjustifiable fees (fines) for an alleged, undetermined, unproven act and to enter into an UNCONSCIONABLE AGREEMENT with agent Hardcastle and the principal Payson Water Co. Inc that is specifically designed by its author, to hold the Customer at a disadvantage that is oppressive and unreasonably restricts his liberty to exercise his calling to earn a living and imposes

an extortionate rate of interest/fees/fines from the Customer allegedly for participating in some prohibited act that is not prescribed nor supported by ACC Decision No. 67821 and the Curtailment Plan and Tariffs for Payson Water Co. Inc under any of its terms and conditions.

Arizona Revised Statutes (ARS) deals with the Arizona Corporations Commissions (ACC) powers to supervise and regulate public service corporations.

(ARS) § 40-334 (A) & (B) specifically state:

- A. A public service corporation shall not, as to rates, charges, service, facilities or in any other respect, make or grant any preference or advantage to any person or subject any person to any prejudice or disadvantage.
- B. No public service corporation shall establish or maintain any unreasonable difference as to rates, charges, services, facilities or in any other respect, either between localities or between classes of service.

The Water Company by and through personnel is/are in violation of ARS § 40-334 (A) & (B) and other state statutes, according to the facts stated herein and above and those that follow. The Water Company and its agent Hardcastle through the SPA desire to subject the Customer to extreme prejudice and disadvantage while elevating the person of the Water Company to a position of advantage and imposing the subjugation of the Customer like the Nazis did in WW II.

ARS § 40-202 (A), (C 1), (K), (O) specifically states in part:

- A. The commission may supervise and regulate every public service corporation in the state and do all things, whether specifically designated in this title or in addition thereto, necessary and convenient in the exercise of such power and jurisdiction.
- B. In supervising and regulating public service corporation, the commission's authority is confirmed to adopt rules to:
 - 1. Protect the public against deceptive, unfair and abusive business practices, practices related to deposit requirements and reconnection fees, intrusive and abusive marketing, deceptive or untrue advertising practices and practices prohibited under subsection G of this section.
- K. A public service corporation shall comply with every order, decision, rule or regulation made by the commission in any matter relating to or affecting its business as a public service corporation and shall do everything necessary to secure compliance with the observance of every such order, decision, rule or regulation.
- O. Failure to comply with the rules or procedures adopted pursuant to subsections C and D of this section is an unlawful practice pursuant to section 44-1522. The attorney general may investigate and take appropriate action as prescribed by title 44, chapter 10, article 7.

ARS § 44-1522 deals exclusively with the deceitful and dishonest business practices of agents like disbarred attorney Hardcastle and principals like Payson Water Co. Inc.

ARS § 40-203 A specifically states:

When the commission finds that the rates, fares, tolls, rentals, charges or classifications, or any of them, demanded or collected by any public service corporation for any service, product or commodity, or in connection therewith, or that the rules, regulations, practices or contracts, are unjust, discriminatory or preferential, illegal or insufficient, the commission shall determine and prescribe them by order, as provided in this title.

ARS § 40-422 A specifically states:

A. When the commission is of the opinion that a public service corporation is failing or about to fail to do anything required of it by law or an order or requirement of the commission, or is doing or about to do or permitting or about to permit anything to be done contrary to law or any order or requirement of the commission, it shall commence a proceeding in the name of the state to have such violations or threatened violations prevented, either by mandamus or injunction. The commission shall bring the action in the superior court in the county in which the claim arose, or in which the corporation complained of has its principal place of business or an agent for any purpose, or in which the commission has its office.

ARS § 40-423 A specifically states:

A. If any public service corporation does or permits to be done anything forbidden or declared to be unlawful, or omits to do anything required to be done, by the constitution or laws of the state, or by orders of the commission, the corporation is liable to the persons affected thereby for all loss, damages or injury caused thereby or resulting there from. If the court finds that the act or omission was willful, it may also award exemplary damages.

Penalties are prescribed pursuant to ARS § 40-425 and ARS § 40-426 prescribes criminal prosecution and penalties for company officers, agents and employees.

The Customer disagrees with all nine terms and conditions of the SPA and as follows:

Item No. 1: The Customer does not have a current unpaid balance of \$738.93 as of August 21, 2009 the unpaid balance was only \$75.58 minus the amount that the Water company over charged the Customer for AIR passing through the meter which amounts to approximately 7,000 gallons of AIR.

Item No. 2: The Customer does not agree to a \$600.00 reconnection fee because it is not applicable pursuant to the Water Company's rates and tariffs due to the fact that the Customer did not participate in any specified prohibited acts of water usage during any of the Stage3, 4 or 5 conservation periods and the Water Company has not been willing to produce any evidence to the contrary.

Item No. 3: The Customer has no problem with making temporary monthly payments of \$50.00 to restore service after an illegal three-week disconnection that was unjustified and because those funds illegally taken will be returned plus interest with compensation for damages.

He does have a problem with obligating himself to pay the full amount of \$600.00 under the present set of circumstances and waiving his right to be refunded the monies extorted from him plus interest under the fraudulent scheme of the Water Company that abused the Curtailment Plan to cause him financial injury and harm and otherwise requires of him to waive his right to recourse for damages inflicted on him by the Water Company, its agents and personnel.

Item No. 4: The Customer has according to his payment history made regularly monthly payments to maintain his current water service account and at a current basis at all times and does not need to enter into a shyster designed SPA to be a responsible human being to pay off his honest debts and obligations, which is something the Water Company is obviously unwilling to do, quid pro quo.

Item No. 5: The Customer made every attempt to make payment on 8/21/2009 to restore the service and bring the bill current even though he had not received a statement for the period between 6/11/09 and 7/20/09. Service reconnect was negotiated through the ACC and had been disconnected without cause or justification for three weeks. However, the Water Company by and through its personnel were determined to make the Customer suffer for as long as possible and procrastinated long enough to prevent the Customer from making any payment whatsoever until August 24, 2009.

Item No. 6: Customer has in the past observed all water conservation conditions that were and were not applicable of the Water Company Curtailment Plan at all times and does not need to enter into any formal unconscionable agreement with the Water Company that would not normally be enter into with other Customers to accomplish the same.

The Water Company has not complied with the terms and conditions of ACC Decision No. 67821 or the Curtailment Plan and has in fact abused that Plan to extort money and property from its Customers for illicit profit and gain. The Customer cannot be held to the same standards as the Water Company or allow it or its agents to compel the Customer by fraudulent means, threats and intimidation to contract away his right to recover damages for the intentional TORTS of the Water Company and its agents upon the Customer.

Item No. 7: The Customer during the time periods related to these matters did agree and comply with the mandatory water conservation periods and according to the Water Company's Curtailment Plan as was applicable and did in fact restrict or eliminate all outdoor watering as described by the applicable tariff and got shafted in the process anyway by the Water Nazis of the Water Company.

Water Company personnel targeted the Customer to injure him any way they could under their fraudulent scheme and did unlawfully disconnect service without cause, justification, or proof of any violation of any terms and conditions imposed by the Curtailment Plan.

Item No. 8: The Customer does not agree that if any time until the SPA balance is paid in full, or if he ceases to be a Customer of the Water Company that the entire balance due at that time under the SPA is due and payable upon the cessation of his water service.

Under such unconscionable terms and conditions the Water Company can terminate the Customer's service anytime they want, for any reason valid or not and without notice. The Customer refuses to be victimized any further by the Water Company or any of its despicable personnel.

The SPA balance is a fraudulent representation of the actual facts. It is a forced unconscionable agreement that the Customer would be extremely stupid to enter into. If the agent of the principal would insist on the Customer's participation in said agreement under the threat and intimidation of disconnection then the Customer is sure take legal action and that the laws of the state of Arizona would not only protect the Customer from further criminal abuse but prosecute the agent and his principal for the felony activities of intentionally inflicting damage, injury and harm on the Customer.

Item No. 9: The Customer does not and will not agree that if he does not perform each and every condition under the SPA that his water service may be disconnected without notice.

Each and every term of the agreement is exclusively designed to injure and manipulate the Customer and hold him under the Water Company's thumb and is without a doubt designed to place the Customer at a disadvantage, is extremely oppressive, is unreasonable, is designed to restrict his liberty and rights, and unlawfully imposes extortionate rate of interest, fees and fines that are not justifiable.

Agent Hardcastle and the Water Company should be criminally prosecuted. The Customer is not their flunky to be abused, threaten, intimidated, coerced and harassed at their whim and will legally retaliate appropriately and in kind if they continue to harass, intimidate, coerce and threaten him.

Therefore, notice to the agent and the principal is hereby given that the Customer's Intent is to sue the agent and the principal for all of the negligent acts, damages, injuries, harm and crimes thus far inflicted on him by the agent and the principal in all of these matters.

The Customer will not enter into the attached SPA under duress, intimidation and coercion and will not be subjected to anymore of "Water Nazi" Hardcastle's oppression. Arrest and prosecution for these criminal activities is not out of the question.

The Water Company is like any other business that retails a product. It must first acquire the product that the Customer wants and then retail it to them at a reasonable profit margin. The problem with this Water Company is that: a) Its greedy; b) it does not want to invest in the development of its product resources to maintain a sufficient supply for the demand of the product, c) It dose not want to import the product at a higher cost in return for a lesser profit; and d) It is willing to damage, injure and harm its Customer(s) for a greater profit and connivance of the Company.

The Water Company and its agent declared war on the Customer without cause or justification. Legal recourse is in the future for all damages, injuries and harm inflicted. Such recourse will carry a large impact on the profits of the Water Company unless the Water Company and its agents are willing to reasonably settle with the Customer they have Victimized now.

Respectfully Submitted this 31st day of August, 2009


J. Stephen Gehring

CC: Arizona Corporation Commission

CC: Arizona Attorney General

CC: Numerous Local Newspapers and other publications

- A. A public service corporation shall not, as to rates, charges, service, facilities or in any other respect, make or grant any preference or advantage to any person or subject any person to any prejudice or disadvantage.
- B. No public service corporation shall establish or maintain any unreasonable difference as to rates, charges, services, facilities or in any other respect, either between localities or between classes of service.

The Water Company by and through personnel is/are in violation of ARS § 40-334 (A) & (B) and other state statutes, according to the facts stated in his Attached Response to the SPA.

The Water Company and its agent Hardcastle through the SPA desire to subject the Customer to extreme prejudice and disadvantage while elevating the person of the Water Company to a position of advantage and imposing the subjugation of the Customer.

ARS § 40-202 (A), (C 1), (K), (O) specifically states in part:

- A. The commission may supervise and regulate every public service corporation in the state and do all things, whether specifically designated in this title or in addition thereto, necessary and convenient in the exercise of such power and jurisdiction.
- B. In supervising and regulating public service corporation, the commission's authority is confirmed to adopt rules to:
 - 1. Protect the public against deceptive, unfair and abusive business practices, practices related to deposit requirements and reconnection fees, intrusive and abusive marketing, deceptive or untrue advertising practices and practices prohibited under subsection G of this section.
- K. A public service corporation shall comply with every order, decision, rule or regulation made by the commission in any matter relating to or affecting its business as a public service corporation and shall do everything necessary to secure compliance with the observance of every such order, decision, rule or regulation.
- O. Failure to comply with the rules or procedures adopted pursuant to subsections C and D of this section is an unlawful practice pursuant to section 44-1522. The attorney general may investigate and take appropriate action as prescribed by title 44, chapter 10, article 7.

ARS § 44-1522 deals exclusively with the deceitful and dishonest business practices of agents like disbarred attorney Hardcastle and principals like Payson Water Co. Inc.

ARS § 40-203 A specifically states:

When the commission finds that the rates, fares, tolls, rentals, charges or classifications, or any of them, demanded or collected by any public service corporation for any service, product or commodity, or in connection therewith, or that the rules, regulations, practices or contracts, are unjust, discriminatory or preferential, illegal or insufficient, the commission shall determine and prescribe them by order, as provided in this title.

ARS § 40-422 A specifically states:

A. When the commission is of the opinion that a public service corporation is failing or about to fail to do anything required of it by law or an order or requirement of the commission, or is doing or about to do or permitting or about to permit anything to be done contrary to law or any order or requirement of the commission, it shall commence a proceeding in the name of the state to have such violations or threatened violations prevented, either by mandamus or injunction. The commission shall bring the action in the superior court in the county in which the claim arose, or in which the corporation complained of has its principal place of business or an agent for any purpose, or in which the commission has its office.

ARS § 40-423 A specifically states:

A. If any public service corporation does or permits to be done anything forbidden or declared to be unlawful, or omits to do anything required to be done, by the constitution or laws of the state, or by orders of the commission, the corporation is liable to the persons affected thereby for all loss, damages or injury caused thereby or resulting there from. If the court finds that the act or omission was willful, it may also award exemplary damages.

Penalties are prescribed pursuant to ARS § 40-425 and ARS § 40-426 prescribes criminal prosecution and penalties for company officers, agents and employees.

CONCLUSIONS

1. The proposed Special Payment Agreement is an unconscionable agreement that the Customer shall not be compelled by any means to enter into with Robert T. Hadcastle or Payson Water Co. Inc. due to the illegalities of its constructions.
2. BROOKE UTILITIES INC, /PAYSON WATER CO. INC. and its officers, agents, representatives and employees failed or refused to comply with the terms, conditions and contractual agreements specified and agreed to in the Curtailment Plan for PAYSON WATER CO. INC. and to the damage and injury of their customers;

3. BROOKE UTILITIES INC, /PAYSON WATER CO. INC. and any of its officers, agents, representatives and employees involved in the above mentioned scheme should be prosecuted by the Arizona Corporation Commission and the Attorney General of the State of Arizona for their participation in a scheme to defraud, damage and injure their customers and to embezzle, extort or convert thousands of dollars in customer money into fees (fines) approximately \$18,000.00 to offset the costs to import and haul water into the system to supplement demand.
4. The Complainant and other customers of BROOKE UTILITIES INC, /PAYSON WATER CO. INC. cannot be held to the arbitrary and deceitful business practices, misrepresentations and abuses of BROOKE UTILITIES INC, /PAYSON WATER CO. INC. or any of its officers, agents, representatives and employees who failed and refused to comply with the terms, conditions and contractual agreements specified and agreed to in Decision No. 67821 and its Curtailment Plan for Payson Water Co.;
5. BROOKE UTILITIES INC, /PAYSON WATER CO. INC. and their representative Myndi Bogdon were not justified under the terms and conditions set forth in ACC Decision No. 67821 and the Curtailment Plan for PAYSON WATER COMPANY INC. to disconnect the Complainant's water service or any other customer on August 3, 2009 and the Water Company cannot justify any term or condition set forth in the Special Payment Agreement authored by disbarred attorney Robert T. Hardcastle who is void of credibility to offer or demand the Customer's participation.
6. BROOKE UTILITIES INC, /PAYSON WATER CO. INC. and their representative Myndi Bogdon are not justified nor authorized under the terms and conditions set forth in ACC Decision No. 67821 and the Curtailment Plan for PAYSON WATER COMPANY INC. to collect any fee (fine) to reconnect the Complainant or any other customer that they wrongfully disconnected on August 3, 2009 without having stated, evidenced and proved beyond any reasonable doubt a specific violation of ACC Decision No. 67821 and the Curtailment Plan under Stage 3 Through Stage 5, (i. e. prohibited usage) at a specific date and time and where they cannot offer actual proof beyond any reasonable doubt that any violation ever, even occurred.
7. The Arizona Corporation Commission should revoke ACC Decision No. 67821 and the Curtailment Plan of Payson Water Co. Inc. due to and because of the obvious abuses of that plan by BROOKE UTILITIES INC, /PAYSON WATER CO. INC. and its officers, agents, representatives and employees for personal and corporate gain.

EXHIBIT I

Brooke Utilities
Brooke Water
800-270-6084

Acct No: _____

Date: 6/13/10

Name: Houston Nestor

Svc Location: DIS Lot

Meter Number: _____

A COMPANY REPRESENTATIVE CALLED TODAY FOR THE FOLLOWING REASON(S):

- ☐ New Service Installation. See attached compliance sheet.
- ☐ Inspection of customer-side connection for safety lock removal:
See below for results.
- ☐ Conducted meter re-read — See below for results.
- ☐ Your bill was returned to us as undeliverable.
Please call customer service immediately.
- ☐ Turned off company valve due to possible leak or device left on —
Please call for reconnection
- ☐ Turned off customer's valve due to possible leak or device left on —
You may restore service.
- ☒ Water conservation stage violation warning and notification attached.
- ☐ Conducted on-site meter accuracy test — see below for results.
- ☐ Delivery of attached notice.
- ☐ Water System Upgrade:
 - ☐ Meter Replacement Program — Install New Meter
 - ☐ Meter Replacement Program — Rebuilt Existing Meter
 - ☐ Raised/lowered service
 - ☐ Replaced meter box or meter box lid
 - ☐ Relocated meter

- ☐ To inform you water service in your area
will be temporarily interrupted on: _____

FROM: _____ am / pm TO: _____ am / pm

- ☐ To inform you water service in your area will be temporarily interrupted
— See attached notice for more details

☐ **Water Service Disconnection**

- ☐ Final Warning Notice — See attached for pending disconnection date.
- ☐ Water service was disconnected — delinquent payment — see attached
- ☐ Water service was disconnected — no applicant on record for this address
- ☐ Water service was disconnected — water conservation stage violation
- ☐ Water service was disconnected — Failure to install /test backflow device
- ☐ Other: _____

Office/Field Use Only

By: MS

Date: 6/13/10

Meter Read: 2610 526

Additional Information/Comments:

Fountain Running Spring
STAGE 4

EXHIBIT H

J. Stephen Gehring, Private Citizen
8157 E. Houston Mesa Rd.
HC 3 Box 519-C
Payson, Arizona [PZ 85541]
(928) 474-9859
Utility Account No. 58130-16615
In Propria Persona

Before the Arizona Corporation Commission

J. Stephen Gehring, Private Citizen,
Injured Party,

Complainant,

vs.

**BROOKE UTILITIES INC, /PAYSON
WATER CO. INC.**

Respondents.

COMPLAINT NO. _____

NOTICE AND COMPLAINT

Pursuant to Title 14, Ch. 2 R14-2-411 (A)

NOW COMES, J. Stephen Gehring, Complainant and Injured Party, a customer of BROOKE UTILITIES, INC./PAYSON WATER CO. INC. proceeding in propria persona and states:

NATURE OF COMPLAINT

1. BROOKE UTILITIES, INC./PAYSON WATER CO. INC. has submitted to the Customer by and through its agent Robert T. Hardcastle a Special Payment Agreement that is false, misleading and unconscionable.
2. The proposed SPA dated August 21, 2009 and received by the Customer on August 26, 2009 is a new written agreement that attempts to supercede the oral agreement entered into on August 21, 2009 between the Customer and the Water Company, which was negotiated by Trish Meter of the ACC on behalf of the Customer and which the Water Company previously agreed to.
3. Said SPA exceeds the terms and conditions originally agreed to by the Customer in the oral agreement negotiated. It places the Customer at an extreme disadvantage, subjects him to future harassment, damage, injury and harm without legal recourse, it is oppressive and it imposes an extortionate rate or interest, fees or fines for some undefined prohibited act that the Water Company has not identified, shown or proven nor can they evidence that the Customer ever even participated in at any time on or before August 3, 2009.
4. The SPA does not appear to be a standard agreement normally entered into between the principal, Payson Water Co., Inc. ("Water Company") and the Customer, pursuant to any normal set of

circumstance, or the terms and conditions specified in Arizona Corporation Commission (ACC) Decision No. 67821 and the Water Company's Curtailment Plan, Tariffs, Rules, Service Reconnect Charges, or any of the Implementing Regulations found in Arizona Administrative Codes Title 14 Ch. Art. 4 et seq., (Also See: Definitions R14-2-201 (7), (10), (27),(31), (33), (34), (36)) or any prescribed policy, practice and procedure specified by the Water Company's Fixed Rules approved by the ACC which may or may not be supported by state laws and implementing regulations and found to be binding upon the Customer.

5. This "SPECIAL PAYMENT AGREEMENT" (SPA) was written and designed exclusively by disbarred attorney, Robert T. Hardcastle for this Customer and to oppress and impose an extortionate rate of interest, fees, and fines from the Customer by and through fraudulent and deceitful business practices normally employed by its author.
6. Water Company agent Hardcastle clearly instructed his personnel to target the Customer(s)/Victims and to go beyond the terms and conditions of ACC Decision No. 67821 and its Curtailment Plan and Tariffs for the exclusive purpose to manufacture Stage 4 and Stage 5 conditions with the intent and purpose to extort unwarranted fees/fines, from the Customer(s)/Victims to offset costs to haul water to fulfill their duties and obligations to their Customers as a Public Service Corporation.
7. Said "SPECIAL PAYMENT AGREEMENT" solicits this Customer's participation in yet another fraudulent scheme and to further extort unreasonable and unjustifiable fees (fines) for an alleged, undetermined, unproven act and to enter into an UNCONSCIONABLE AGREEMENT with agent Hardcastle and the principal Payson Water Co. Inc that is specifically designed by its author, to hold the Customer at a disadvantage that is oppressive and unreasonably restricts his liberty to exercise his calling to earn a living and imposes an extortionate rate of interest/fees/fines from the Customer allegedly for participating in some prohibited act that is not prescribed nor supported by ACC Decision No. 67821 and the Curtailment Plan and Tariffs for Payson Water Co. Inc under any of its terms and conditions.

FACTS

Arizona Revised Statutes (ARS) deals with the Arizona Corporations Commissions (ACC) powers to supervise and regulate public service corporations.

(ARS) § 40-334 (A) & (B) specifically state: